



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

DATE: December 4, 2019

MEMORANDUM TO: Jonathan Sweet
County of Pulaski, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: Audit for the Year Ended June 30, 2019

This letter contains redacted information which refers to details of control weaknesses that were communicated to locality management and governance but are FOIAE under Code of Virginia §2.2-3705.2 due its sensitivity and description of security controls or mechanisms.

In planning and performing our audit of the financial statements of County of Pulaski, Virginia for the year ended June 30, 2019, we considered the County's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated December 4, 2019 on the financial statements of the County of Pulaski, Virginia. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Department of Social Services:

Business Continuity Plan

[REDACTED]

We recommend that appropriate personnel review the VDEM guidelines and update the Business Continuity Plan accordingly. Additionally, the VDEM plan template should be referenced to assist in preparing and updating the business continuity plan on an annual basis. Guidelines can be found at the following website: <http://www.vaemergency.gov/emergency-management-community/emergency-management-plans/local-government-coop-resources>.

Special Welfare Account

Currently the Social Services Department holds funds in their special welfare fund that are not held for specific children. The Code of Virginia, 1950 as amended section 63.2-230 specifically allows local agencies to accept and expend certain funds on behalf of children placed by or entrusted to the local board when no guardian is appointed. It appears that the local agency has deposited additional funds, such as general contributions (ie. St. Jude Catholic Church Acct, Tornado Toys & School Supplies, and Miscellaneous Acct - Discretionary) to the special welfare fund. In general, we feel that contributions to the Social Services Department are subject to appropriation by the Board of Supervisors prior to expenditure. As such, we recommend that the Department review the sources and uses of these funds and establish a fund for the receipt and expenditure of non-fiduciary monies. The expenditure of such funds would be subject to an appropriation by the Board of Supervisors.

Credit Card Testing

During our testing, we had a difficult time agreeing the amounts paid to the total credit card statement. We recommend that statements be paid in full and that supporting documentation be maintained with the statement to provide an adequate audit trail.

County:

Due to/from Component Units

There are large outstanding inter-entity balances between the County and the Economic Development Authority, some of which have been held at a constant balance for several years. We recommend that management of the County and the Authority work together to review the balances and develop a repayment plan or forgive same, as applicable, to ensure that amounts are appropriately reported in the financial statements.

Drawdowns of Loan Proceeds

We noted that disbursements dating back to May 3, 2019 were included on drawdowns of bond proceeds for the related project after year end. We recommend that monthly drawdowns be prepared to minimize the time that County funds are disbursed and subsequently replenished.

Budget Public Hearing and Adoption

Per the Code of Virginia, section 15.2-2506, the public hearing for the budget should be held 7 days prior to the adoption of the budget. During testing, we noted that the public hearing for the 2019 budget was held on June 25, 2018 which is the same date that the budget was adopted. We recommend that going forward, the public hearing be held 7 days prior to budget adoption.